

USDA Foreign Agricultural Service

GAIN Report

Global Agricultural Information Network

THIS REPORT CONTAINS ASSESSMENTS OF COMMODITY AND TRADE ISSUES MADE BY
USDA STAFF AND NOT NECESSARILY STATEMENTS OF OFFICIAL U.S. GOVERNMENT
POLICY

Voluntary Public

Date: 10/15/2010

GAIN Report Number: CA0039

Canada

Post: Ottawa

This Week In Canadian Agriculture Issue 17

Report Categories:

Agriculture in the News

Approved By:

Robin Tilsworth

Prepared By:

Bradford Barrett

Report Highlights:

**Canadian Government Announces Talks to Expand Canada-Israel Free Trade Agreement *
Minister Ritz Maximizes First Agriculture APEC Meeting & Protects Canadian Wheat Access to
Indonesian Market * Canadian Trade Minister Opts to Avoid UAE on Trade mission to Middle
East * IFC, Canada, United States Establish \$100 million Private Sector Facility to Strengthen
Food Security in Developing Countries * Testing Begins on Pro-Canadian Food Labels *
Manitoba Requires Livestock, Poultry Producers to Register Their Farms * Audit Released on
Food Inspection * Canadian Government Funding Helps Advance Grain Research**

Canadian Government Announces Talks to Expand Canada-Israel Free Trade Agreement

The Honorable Peter Van Loan, Minister of International Trade, concluded a two-day visit to Israel in early October to promote closer commercial relations, including exploratory talks in order to expand the Canada-Israel Free Trade Agreement (FTA). “The Canada-Israel Free Trade Agreement has been tremendously beneficial for our two countries. Two-way merchandise trade has more than doubled since its implementation,” said Minister Van Loan. “Canada’s ties to Israel are very deep, and our friendship is important. Our government is building on these ties and looking at opportunities to expand our trade relationship. We are committed to creating new sources of jobs, growth and prosperity for both of our countries in the years ahead.” “Expanding the Canada-Israel Free Trade Agreement is part of the [Prime Minister] Harper government’s broad and ambitious free trade agenda. In just four years, our government has negotiated new trade agreements with eight countries, is in negotiation with close to 50 others, and is now expanding the three first-generation agreements signed by the former government,” said the Minister. Israel is a key economic partner for Canada. Since the Canada-Israel Free Trade Agreement came into force, two-way merchandise trade has more than doubled, reaching \$1.3 billion last year. Israel is Canada’s sixth-largest merchandise export market in the Middle East. Total agricultural trade was just over \$71 million last year with a little more than half of that coming from Canadian exports to Israel. The top agricultural products exported to Israel from Canada are soybeans, lentils, lumber, and pet food.

Minister Ritz Maximizes First Agriculture APEC Meeting & Protects Canadian Wheat Access to Indonesian Market

According to a press release from his office, Agriculture Minister Gerry Ritz traveled to Japan this October for the first ever Asia-Pacific Economic Cooperation (APEC) Agricultural Meeting working to strengthen trade relationships, expand market opportunities for farmers and create a more prosperous Canada. Minister Ritz held bilateral meetings with agriculture leaders from China, Mexico, and South Korea. Minister Ritz, together with provincial representatives from Canada’s New West Partnership, met with his Japanese counterpart Michihiko Kano and raised Canada’s long-standing request for greater access for Canadian beef. They also sat down with Japanese industry to discuss how to better help get Canadian products in the hands of Japanese consumers. In advance of APEC, Minister Ritz led a trade mission to Indonesia and received assurance from Agriculture Minister Suswono that Canada’s inspection system, which ensures that various plants such as wheat and potatoes destined for food are safe, will be fully recognized. This achievement is expected to remove additional requirements at Indonesian ports. The Canadian Wheat Board anticipates that Canada’s wheat exports to Indonesia will be valued at more than \$300 million this year. Canada and Indonesia also signed an agreement to improve agriculture cooperation and focus on removing trade barriers to various Canadian products including seed potatoes, goat and sheep livestock and genetics, and cherries. Indonesia will enlist Canada’s animal health expertise to help build testing capacity in order to maintain a healthy cattle sector.

IFC, Canada, United States Establish \$100 million Private Sector Facility to Strengthen Food Security in Developing Countries

The International Finance Corporation (IFC), a member of the World Bank Group, the Government of Canada, and the United States Department of the Treasury announced this October an initial pledge of \$100 million for a private sector facility within the Global Agriculture and Food Security Program to strengthen food security in low-income countries and increase private sector investments in agriculture. Canada has pledged \$50 million Canadian dollars, the United States \$25 million, and IFC is expected to contribute \$25 million, to support the growth of competitive agribusiness sectors in low-income countries, with a special focus on smallholder farmers. The facility will leverage more than three times the initial contributions. By providing financing for small and medium agribusiness companies and farmers, the facility will raise farm productivity, improve access to markets, and mitigate risks of food price volatility. It will use financing instruments such as equity, debt, and risk-management tools along with advisory services to support agribusiness small and medium size enterprises and small farmers through intermediaries. The private sector facility will issue an open call for proposals from private sector firms and financial institutions operating in low-income countries, and select financially viable projects that demonstrate the greatest development impact. A Project Investment Committee that will be established by donors will decide which proposals to fund and in what amount on behalf of the facility. A Consultative Board comprised of experts from civil society organizations and the private sector will help promote innovation. The facility will cooperate with other multilateral development institutions.

Testing Begins on Pro-Canadian Food Labels

The federal government is testing out labeling options to promote Canadian food products in the wake of new rules that producers complain are too restrictive and consumers say are confusing. The newly released results of multiple surveys and focus groups, commissioned by Agriculture Canada and the Canadian Food Inspection Agency to test the effectiveness of current Canadian origin labeling and determine the best way to fix what consumers say is a "highly confusing" system, show the best option is to use the maple leaf symbol and the tagline "Made with 100% (specific Canadian ingredient)" in the front of food packaging. The public opinion research follows a decision by Agriculture Minister Gerry Ritz to allow companies to use a Made in Canada claim with a tagline "from imported ingredients" or "from domestic and imported ingredients," as well as tighten up the definition of a Product of Canada, requiring 98 percent of ingredients to be Canadian to make the claim on the label. Meanwhile, the Canadian Federation of Agriculture got behind the recommendation of the House of Commons agriculture committee to allow products with 85 per cent of ingredients, including the main produce used to make the product, to be considered a Product of Canada, up from 51 per cent of the total costs, including processing and packaging, incurred in Canada. That would allow products like jam made with Canadian produce but imported sugar to clear the Product of Canada hurdle.

Manitoba Requires Livestock, Poultry Producers to Register Their Farms

Manitoba is requiring all livestock and poultry producers to register their farms. The move is being made so authorities can quickly deal with animal and public health emergencies and even natural disasters. Other provinces are reportedly making the change as well. It's seen as key in developing a national food traceability program that will assure consumers, here and abroad, that what they eat is safe. About 20,000 farm owners and operators will have to supply their location and emergency contact information, as well as the types of animals they keep. Hatcheries, rendering plants, petting zoos and veterinary hospitals will also have to register. One of the program's primary benefits will be to allow authorities to act quickly to limit the scope of a serious animal disease outbreak. In the case of avian flu, for instance, officials would immediately be able to pinpoint the location of all the province's poultry operations. Proponents of the database say it could also help emergency personnel identify farms where livestock is at risk from spring floods or could be harmed by contaminated feed.

Audit Released on Food Inspection

A newly released internal audit of the Canadian Food Inspection Agency (CFIA) has found "deficiencies" with the federal government's supervisory system. The objective of the CFIA audit, done in July and posted on the agency's website in mid-October, was to "provide assurance to senior management that CFIA's imported food activities are designed, organized and delivered to achieve food safety objectives." But the internal audit, which tracked import controls from April 2005 to March 2008 and analyzed current management practices, uncovered a different picture. "In my opinion, CFIA management of imported-food safety has deficiencies that represent multiple areas of risk exposure requiring significant improvements related to the governance, control and risk-management processes," Peter Everson, CFIA's chief audit executive, wrote. In 2007, after a series of food recalls, the Canadian government mandated a "Food and Consumer Action Plan" be developed. In response, the CFIA has undertaken several initiatives including proposed regulations for imports currently regulated solely under the Food and Drug Act. These new regulations are designed to make importers more accountable for the food they import.

Canadian Government Funding Helps Advance Grain Research

The Canadian government and a number of grain industry partners have joined together to provide

C\$5.7 million to backstop public breeding and genetic research programs for grains and oilseed crops across eastern Canada. Ottawa will put up C\$4 million while the other C\$1.7 million will flow from seven organizations that include the Grain Farmers of Ontario which is putting up C\$628,000 of the total. The remaining funds will come from SeCan, Federation des producteurs de cultures du Quebec, Manitoba Corn Growers Association, Manitoba Pulse Growers Association, PepsiCo Canada, and the Atlantic Grains Council. The 18 public breeding programs will be managed by a newly formed oversight group called the Canadian Field Crops Research Alliance, whose membership is derived from the seven groups taking part in the project. The Canadian government said it would spend C\$11 million to help develop new varieties of wheat and barley for Prairie farmers. The federal government is also spending a further C\$2.8 million to fund barley breeding through a cooperative effort with partners who have an interest in barley research. They include the Canadian Wheat Board, the Alberta Barley Commission, the Brewing and Malting Barley Research Institute and Rahr Malting Canada Ltd.

Exchange Rate: Noon rate, October 13, 2010 (Bank of Canada): U.S. Dollar = C\$1.00